



Navy Enterprise Resource Planning (ERP) Fleet Logistics Support Improvement Conference

**CDR Randy Onders
OPNAV N412E
3 March 2004**



The Need to Transform: What Are Our Leaders Saying?



"...transforming the military. What is different today is this sense of urgency: The need to build this future force while fighting this present war. It is like overhauling a car engine while you are going 80 miles an hour."

George W. Bush

President of the United States

"We simply have to transform this place. It is every bit as important to the success of the global war on terrorism as the other things we're doing."



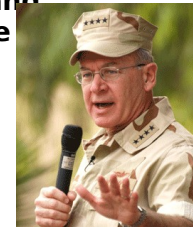
Donald B. Rumsfeld
Secretary of Defense



"Now a few words about transforming business practices. First of all, efficiency equals effectiveness. They go together. We should be constantly searching for improved effectiveness through improved efficiency."

Gordon R. England
Secretary of the

"As we look to the future, we must transform to retain the advantage against innovative and determined enemies."



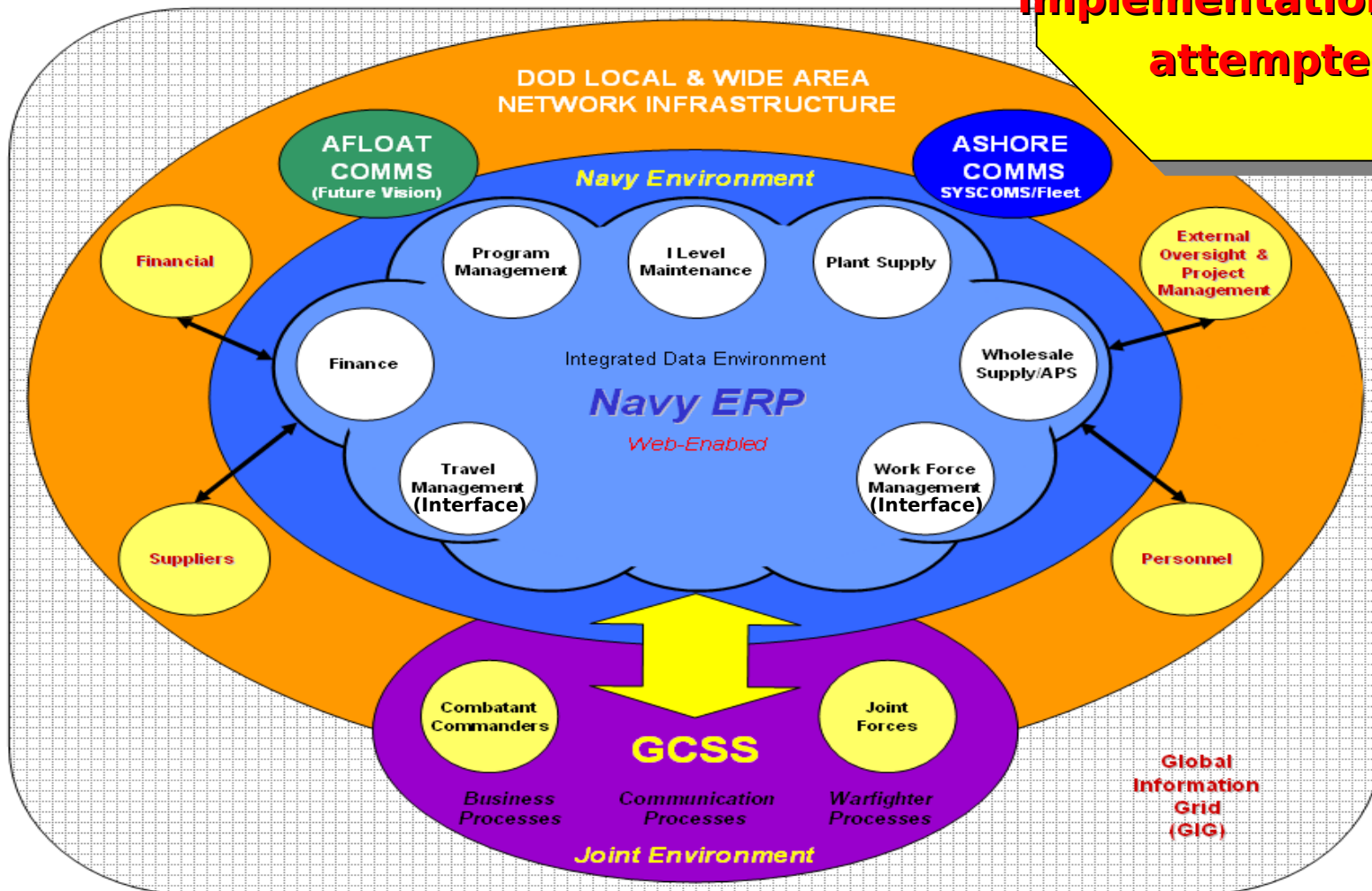
ADM Vern Clark
Chief of Naval

Operations



Navy ERP Scope

Largest & most complex ERP implementation ever attempted



Right Force...

Right Readiness...

Right Cost...



Template 1.0: Business Functional Scope

□ Functionality deployed in pi

- **Finance**

- Billing
- Asset Accounting
- Revenue & Cost Controlling
- Period End Close
- Echelon 1 Financial Reporting
- Financial Accounting

- **Program Management**

- Program / Project Management

- **Workforce Management**

- Personnel Admin & Time Management
- Personnel Development
- Training & Event Management
- Organization Management

- **Wide Area Work Flow (Interface)**

- **Defense Travel System (Interface)**

- **I-Level Maintenance**

- Breakdown & Planned Maint. Processing
- QM Production
- Technical Objects (Master Data)
- Task List
- Maintenance Plans

- **Plant Supply**

- Productivity & Procurement Planning
- Procurement
- Sales & Distribution
- Inventory Management
- Environmental, Health & Safety
- Warehouse Management

- **Wholesale Supply**

- Forecasting
- Supply & Demand Planning
- Inventory Management
- Constrained/Unconstrained Buy / Repair Planning
- Order Fulfillment
- Advanced Planning System (APS)
- Serial Number Tracking
- Allowance Development
- Provisioning & Cataloging
- Outfitting
- Monitor Weapon System Support
- Plan & Execute EOS Life



CNO N4 ERP Vision

- Initially focus on the shore infrastructure
- Migrate afloat logistics ashore
- Mature ERP solution prior to deploying afloat

CNO N4 Vision on Options

"The development and deployment of an ERP system that will support afloat operations (maintenance, supply, financial, etc) should **initially focus on the shore infrastructure**. This shore infrastructure should be designed to maximize logistics functions Navy-wide, yet **migrate as many afloat logistics related processes ashore** as possible. This option would deliberately **mature the ERP solution** (functionally and technically) **prior to deploying the solution afloat**. This approach would also strengthen shore / afloat integration. Finally, this option would facilitate logistics process re-engineering and "nail down" specific functionality required afloat." CNO N4 on 18 Dec 03

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Right Force... Right Readiness... Right Cost...



ERP History

Mandate

- Revolution In Business Affairs & JV 2020 Vision
- Commercial Best Practices (CBP) ESG established
- Give priority to investments that will cut our operating or business costs, such as Enterprise Resource Planning (ERP) and Navy-Marine Corps Intranet (NMCI)



Pilots

- Pilots established 1998
- Directed use of commercial approach
- Goals:
 - Standardize DoN processes
 - Provide an Integrated Enterprise solution that seamlessly supports end-to-end capability
 - Demonstrate ability to provide accurate, consistent, timely financial information from a single source



One Navy Solution

- Aug 02 ASN (RDA) directed convergence of Navy ERP Pilots
- Sept 02 Navy Enterprise Convergence Team formed
- Dec 02 CNO & SECNAV declared support for Convergence to proceed
- Jan 03 ASN (RDA) approved stand-up of Navy ERP PMO
- **Jun 03 requirements letter signed by ASN (RD&A) and N4**



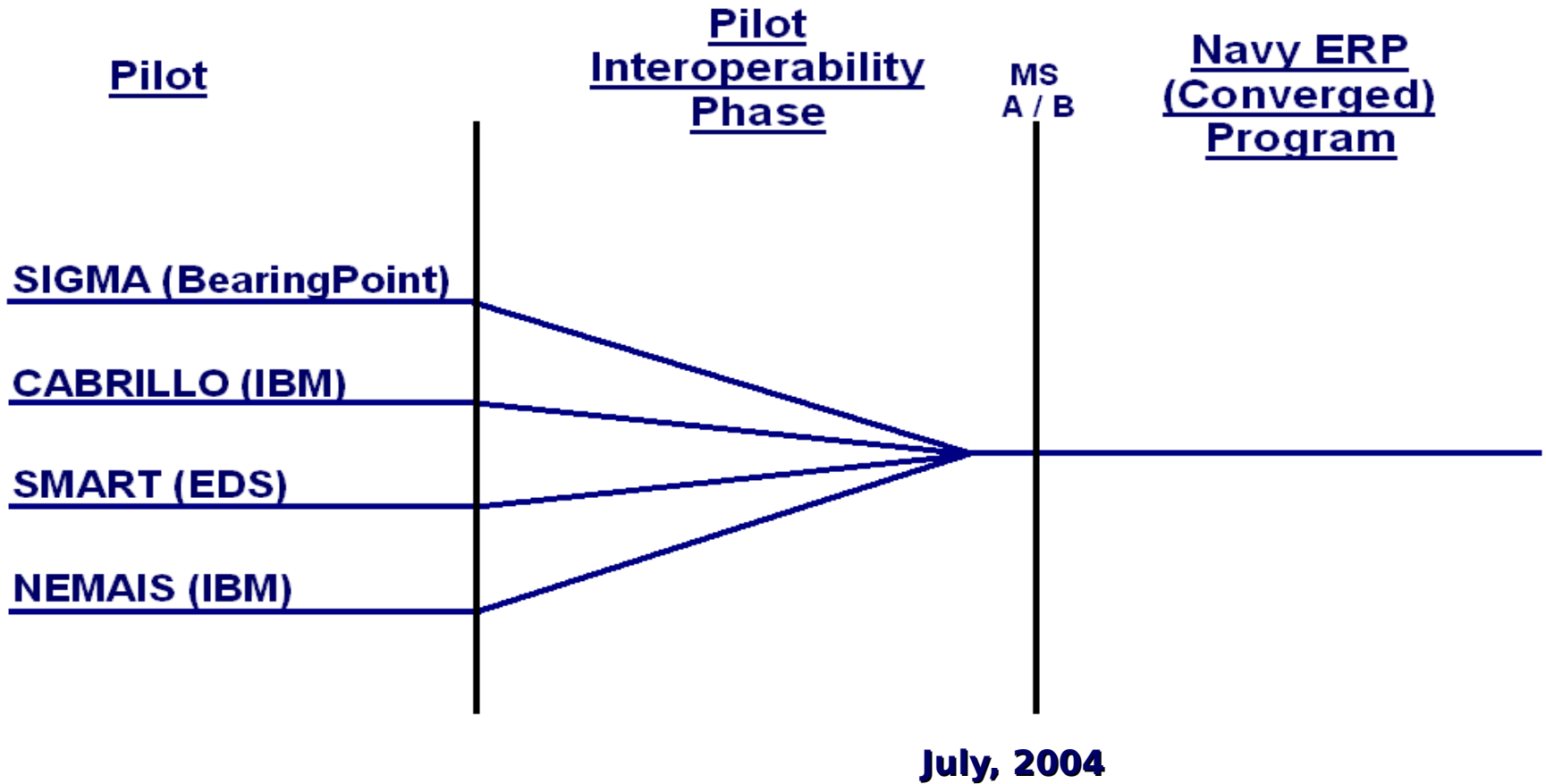
What The Pilots Proved

- ERP can be used to:
 - Operate and manage a major Echelon 2 acquisition command and Echelon 3 subordinate commands (PM, Workforce Management, FM, Procurement)
 - Integrate Maintenance and Supply in performance of aviation and ship maintenance, provide visibility of resources across activities and optimize supply chain management
 - Validate compliance with the CFO Act and provide significant reductions in legacy IT and data base systems with resultant cost reductions and data quality / timeliness benefits

No Longer A Question Of “Can We?”



ERP Program Description





Tentative Scope of Navy ERP Templates

Template 1.0 (Converged Ashore)

- Finance
- Program Management
- Workforce Management
- Wide Area Work Flow (Interface)
- Defense Travel System (Interface)
- I-Level Maintenance
- Plant Supply
- Wholesale Supply / APS

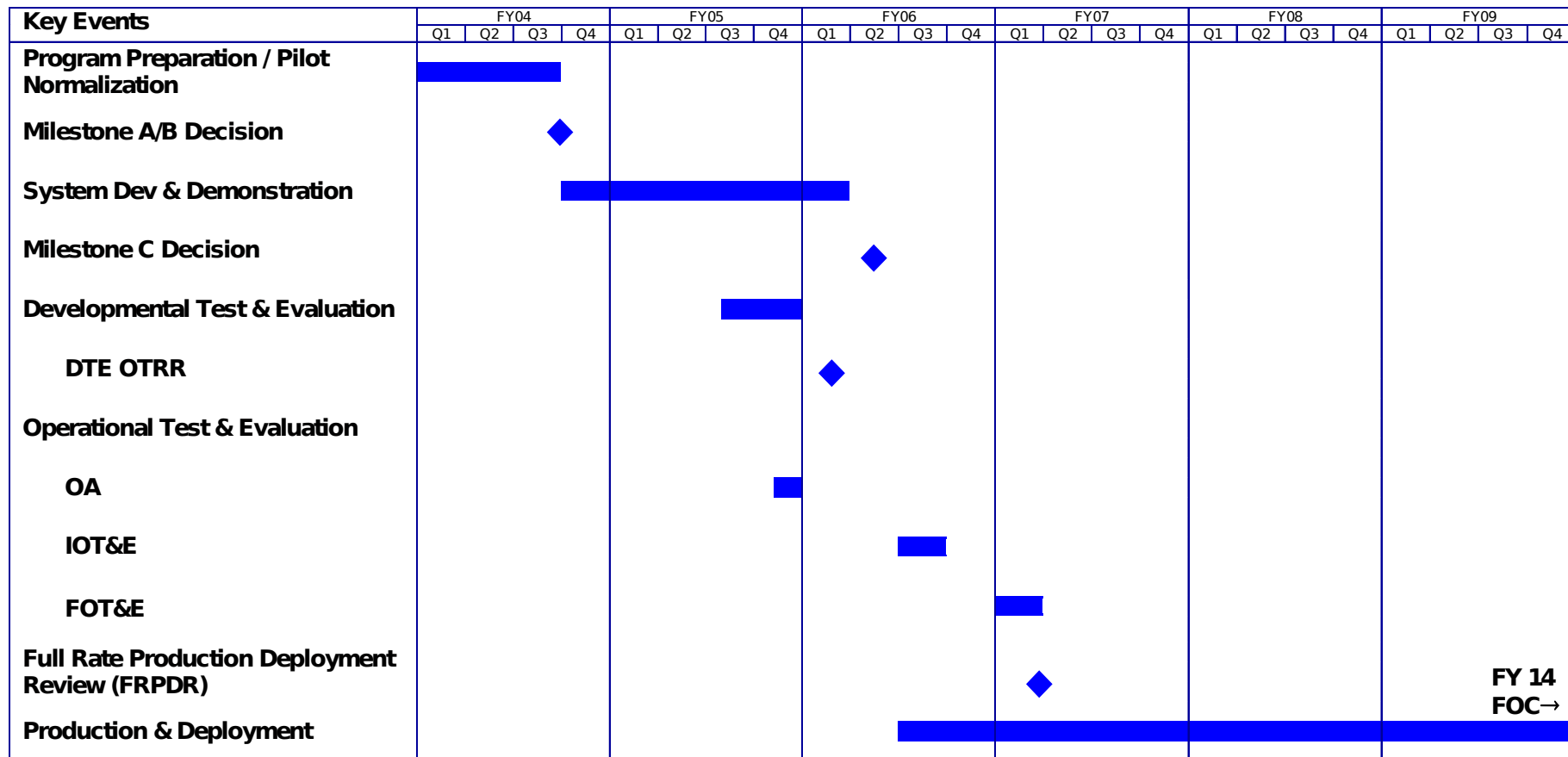
Potential Future Templates

- Afloat Solution
- Weapon System Asset Management
- O-Level Maintenance
- Depot Level Maintenance (Aviation & Maritime)

**Spiral Development Driven by
Operational Realities and the
Business Case**



ERP Program Schedule



FY 14
FOC→



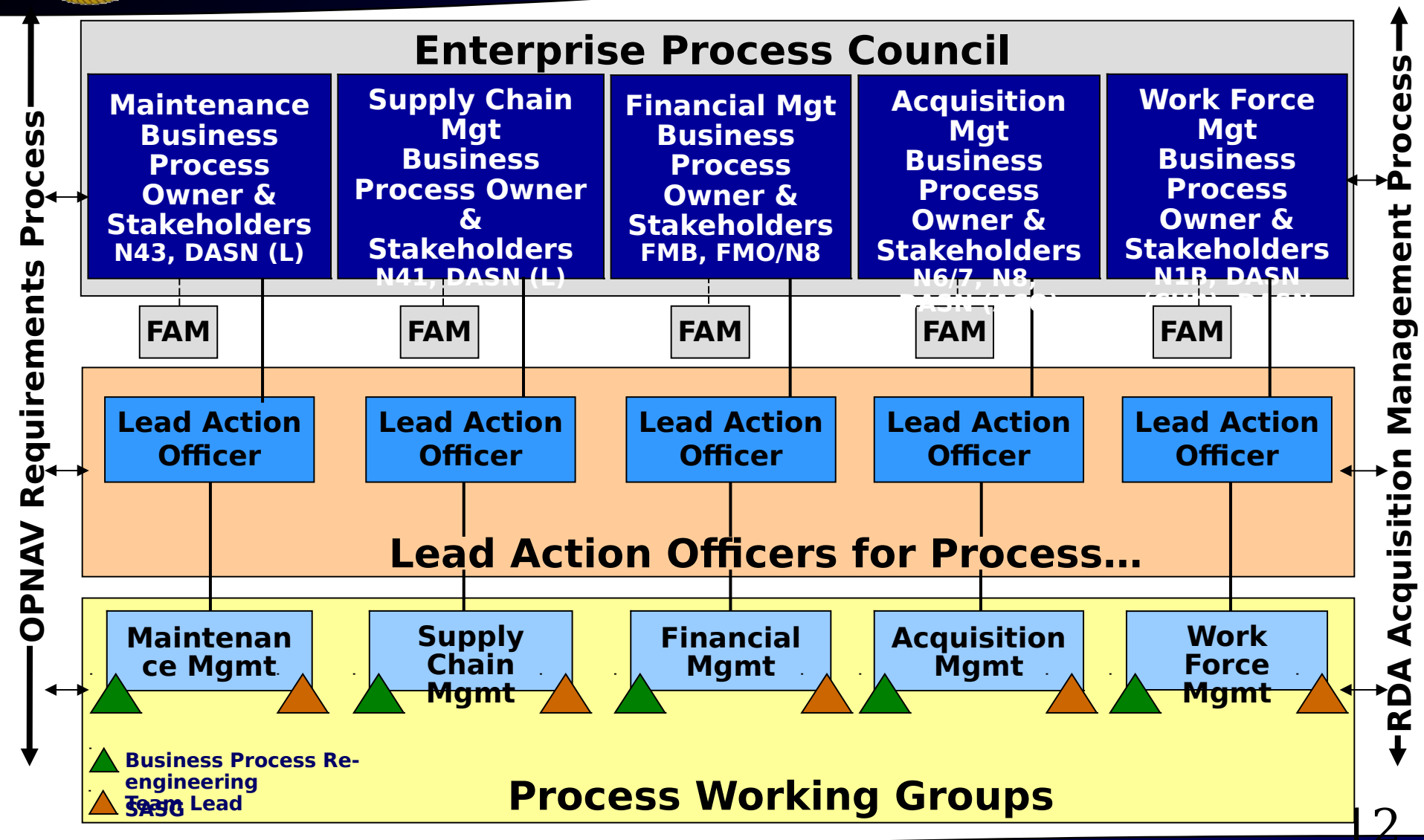
Enterprise Process Council

- Enterprise Process Council established to ensure ERP development coordination throughout the process domain groups
- Help to identify organizational risks created by process design decisions
- Provide necessary direction and support for organizational transition requirements.
- Support the communication of program objectives and tasks necessary to deploy and sustain the solution

An Enterprise Approach Requires Enterprise Oversight



Navy ERP Process Council Structure





ERP Lessons Learned from GM Chief Technology Officer

- Engaged senior leadership essential
- Management Executive Board for governance
- Process Councils for functional process decisions
- Maximize legacy system reduction
- Implement rapidly... two years
- SAP scalability limited North American implementation
- Institute a rapid problem escalation & resolution process
- Started implementation with financials



Status

- Anticipate ERP ORD approval in May 2004
- ERP Blueprinting effort moving forward to support Milestone A/B in July 2004
- POM-06 plan to be briefed to CNO on 30 March
- Logistics IT strategic planning continues



Backup



About the original ERP Pilots

- **Software:** SAP (Systems, Applications, Products in data processing), a German proprietary, is the software NAVAIR, NAVSUP, SPAWAR and NAVSEA are using to implement ERP.
- **Pilots:**
 - **SMART:** Supply Maintenance Aviation Reengineering Team concerns aviation supply chain management/maintenance pilot. Sponsored by NAVAIR and NAVSUP. Scope of the pilot includes O, I & D levels of maintenance applicable to the E-2C Aircraft and the LM-2500 Gas Turbine Engine programs.
 - **SIGMA:** Program Management Pilot NAVAIR's ERP solution -- the Sigma Project will address the areas of Asset Tracking, Financials, HR, Project Planning and Configuration Management.
 - **NEMAIS:** Navy Enterprise Maintenance Automated Information System. A regional maintenance project sponsored by NAVSEA/CLF/CPF to optimize I & D Level maintenance support for the warfighter. Will eventually install an ERP system in all Naval Shipyards, SUPSHIP sites, SIMAs, Trident Refit Facilities, all Naval ships and submarines.
 - **CABRILLO:** The Navy Working Capital Fund (NWCF) pilot improving the business operations, process, and support systems at SSC San Diego the CABRILLO pilot will address the integration of SSC-SD's overall business practices and processes including: Strategic Planning; Project Management; Financial Management; Procurement Management; Asset Management; and Human Resource Management.



Strategy Recap

Sea
Shield

Sea
Power
21

Sea
Basing

Sea
Enterprise
ERP

Sea
Strike

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Recapitalization
Readiness

ERP Focus Areas

- Finance
- Program Management
- Workforce management
- Wide-Area Work Flow (Interface)
- Defense Travel System (Interface)
- I-Level Maintenance
- Plant Supply
- Wholesale Supply / APS

Supply Chain, Business
Mgt

Payoff to Navy

- Business Process Efficiencies
- IT Legacy System Retirement
- Inventory Reductions

**Bottom Line: ERP Delivers CNO
Goals**

Right Force...

Right Readiness...

Right Cost...



Strategic Development Blocks



POM 06 Building Blocks to Meet CNO Vision

1 - Establish ERP Shore Infrastructure

- 1A - Accelerate Program to complete in FYDP and additional sites
- 1B - Optimize depot management and retire stock point systems
- 1C - Develop and field weapons system asset management functionality
- 1D - Develop and field schedule optimization and MRO functionality

2 - Move Afloat Functions Ashore

- 2A - Define and implement organization and processes to move workload ashore
- 2B - Develop a prototype to demonstrate the maturity of the ERP product in an afloat environment

3 - Extend ERP Afloat

Objective: Accelerate and Add Functionality



Process Council Membership

Business Areas/Level	Role	Name	Code	Phone	email
Financial Mgmt					
Council Member	Co-Process Owner	Robert Panek	FMBB	(703)697-7105	robert.panek@navy.mil
Council Member	Co-Process Owner		OPNAV N8		
Process Stakeholder	FMB	Wes McNair	FMB	(703) 695-1013	john.w.mcnaire@navy.mil
Process Stakeholder	Supply / NWCF	Mike Madden	NAVSUP 01	(717) 604-1460	michael.madden@navy.mil
Process Stakeholder	Fleet	CAPT Robert Bianchi	FFC N02F	(757) 836-6902	Robert.Bianchi@navy.mil
Process Stakeholder	SYSCOMs	Trish Fox	NAVAIR - AIR 10.8	(301) 757-7803	patricia.fox@navy.mil
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Process Group	NAVSEA	Cindy Pettibone	NAVSEA - SEA 01	(202) 781-2765	pettiboneca@navsea.navy.mil
Process Group	NAVAIR	Ray Wernicke	NAVAIR - AIR 7.8	(301) 757-6956	raymond.wernicke@navy.mil
Process Group	Navy ERP	Tom Bloomer	Navy ERP Project FI/CO Team	(410) 919-4105	bloomertp@navair.navy.mil
Maintenance Mgmt					
Council Member	Process Co-Owner	RDML Hugel	OPNAV N43B	(703) 601-1680	mark.hugel@navy.mil
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Process Group	Afloat Logistics	PMW 151 Rep	PEO-C41		
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Process Council Membership, con't

Business Areas/Level	Role	Name	Code	Phone	email
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Process Stakeholder	Aviation	Dave Pauling	NAVAIR - AIR 3.0	(301) 757-8435	david.pauling@navy.mil
Process Stakeholder	NAVICP	RDML Harnitchek	CO NICP	(215) 697-2101	mark_d_harnitchek@icpphil.navy.mil
Process Stakeholder	COMFISCS	RDML Kowba	CO FISC	(619) 532-2203	william.kowba@navy.mil
Process Stakeholder	Aviation Depot		NAVAIR - AIR 6.0		
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Process Group		Joe Dougherty	NAVSUP	(717) 605-5912	joseph.dougherty@navy.mil
Process Group		CDR Randy Onders	OPNAV N412E	(703) 604-9946	randal.onders@navy.mil
Process Group	Provsioning	Chuck Simmons	NSWC CD PH	(215) 897-1557	simmonschr@navsea.navy.mil
Process Group	Aviation Depot	CAPT P Laszcz	CNAF N42	(619) 545-1406	peter.laszcz@navy.mil
Process Group	USMC Maintenance	Col L Eck	HQMC ASL		
Process Group	Afloat Logistics	PMW 151 Rep	PEO-C41		
Process Group	Navy ERP	Joe Catlett	Navy ERP Project MM Team	(410) 919-4173	joseph.catlett@navy.mil
Process Group	Navy ERP	Nora Robertson	Navy ERP Project SD Team	(410) 919-4122	nora.robertson@nets.nemais.navy.mil
Acquisition Mgmt					
Council Member	Process Co-Owner	RDML R Cowley	DASN(ACQ)	(703) 602-2338	robert.cowley@navy.mil
Council Member	Process Co-Owner	TBD	DASN (Space and C4I)		-
Process Stakeholder	Systems Requirements		N6		
Process Stakeholder	Platforms Requirements		N7		
Lead Action Officer	NAVAIR	Pam Odell	NAVAIR - AIR 1.0	(301) 757-6631	pamela.odell@navy.mil
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Process Group	Acquisition Policy	Carol Kurtz	NAVAIR - AIR 1.0	(301) 757-6062	carol.kurtz@navy.mil
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Process Group	NAVSUP				
Process Group	NAVSEA-PEO LMW	Jim Thomson	NAVSEA- PEO LMW		
Process Group	NAVSEA	Alex Scourby	NAVSEA	(202) 781-1499	scourbyap@navsea.navy.mil



Process Council Membership, con't

Business Areas/Level	Role	Name	Code	Phone	email
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Process Group	MILPERS				
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Process Group	Nuclear Expos / Cert	Steve Perkins	SEA 04X	(202) 781-1786	perkinssd@navsea.navy.mil
Process Group	NAVAIR	Karen Holcomb	NAVAIR - AIR 7.0	(301) 757-7790	karen.holcomb@navy.mil
Process Group	Navy ERP	Rose Howard	Navy ERP HR Team	(410) 919-4098	howardrm@navsea.navy.mil



POM-06 Vision

- **Initial focus on shore infrastructure**
 - Mature the ERP solution (functionally and technically) prior to deploying afloat
 - Sustain the fleet - a must
- **Develop strategic logistics IT and business process improvement plans**
- **Extend the reach- work with other services to develop the Joint Sea Base**